N3 RESEARCH

Pitch deck

v1 nov/23

ABOUT

N3 is a crypto native startup that is reshaping traditional services with cutting-edge solutions for web3 projects

Here you will find an overview of the 3 main revenue streams we're currently working on:

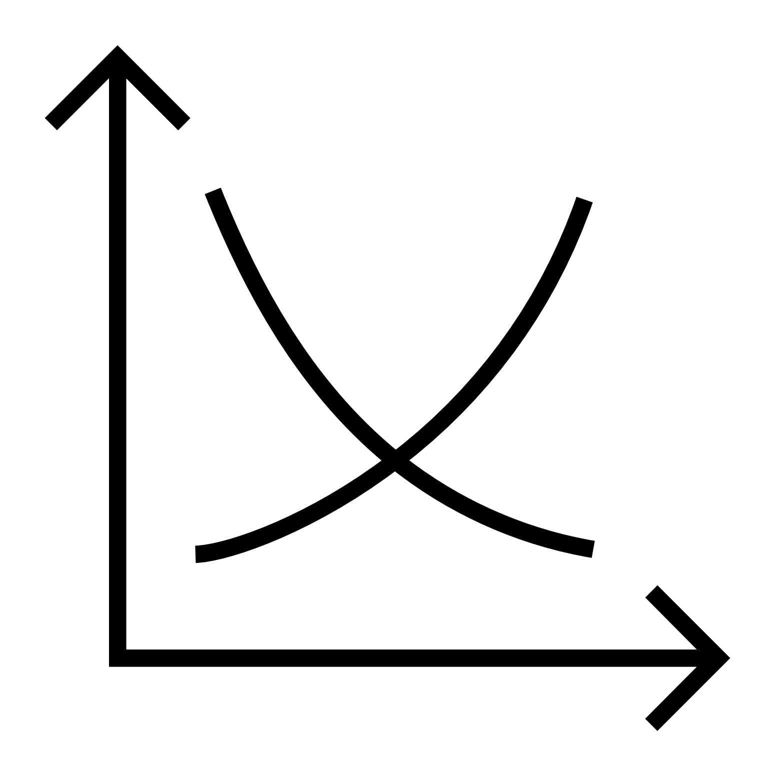
- Market Making
- Treasury as a Service
- Proprietary desk

MARKET MAKER

Every web3 project that has a token and operates on secondary markets needs a market maker

Market makers are high frequency algorithms that provides real time liquidity for traders (buy & sell orders on top of the trading book)

It is necessary to ensure book depth, reduced volatility of the token and fair spreads

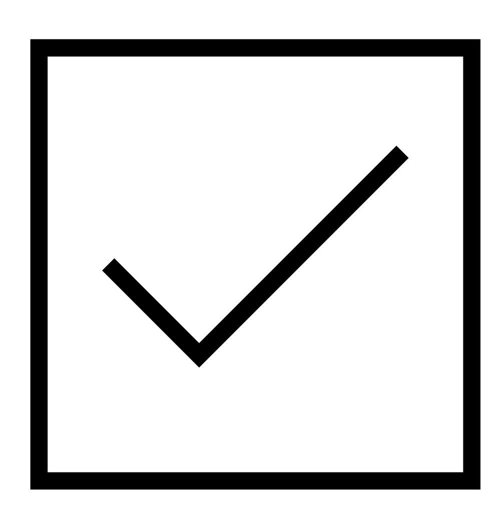


THE PROBLEM

- Traditional model market makers requires loan
- Loan ranges from 2-10% of token supply that the projects has to borrow to the market maker
- Asides the high opportunity cost, there's increased counterparty risk -> the market maker CP risk + exchange CP risk
- The operation is not visible to the client, meaning it's uptime or quality can't be properly assured
- Average token project team doesn't know this model has latent conflict of interest

OUR SOLUTION

- We provide liquidity on a fully transparent and interest aligned model
- No loan requirement, everything happens on the client's exchange account through API “trade only” mode
- High touch service – customized according to specific client needs
- Cash generation when market goes up
- Reduced token downside when market goes down resulting in positive treasury balance
- Proprietary volumetry methodology and metrics



THE MARKET

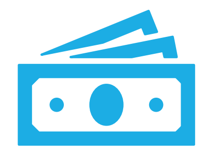
- Average token launch on bear market – 5-10 weekly
- Average token launch on bull market – 20+ weekly
- Potential clients – 1000+s
- Average MM ticket 2-7k USD/monthly
- Broker fees – up to 60% of exchange trading fees
- For 2/3 of clients expected gross revenue is between 3-10k USD/monthly



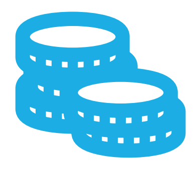
INFRASTRUCTURE



50+ exchanges (Cex/Dex/DeFi protocols) connectors



Average development cost per connector 3k USD



Reduced infrastructure and marginal client cost



Highly scalable

MM REVENUE PROJECTIONS & MARGINS

Market Making	june/24	january/25	june/25
Clients	4	10	25
avg MM fee	$3.000,00	$3.000,00	$3.000,00
avg broker fee	$4.000,00	$4.000,00	$4.000,00
avg MM revenue	$12.000,00	$30.000,00	$75.000,00
avg broker fee rev	$16.000,00	$40.000,00	$100.000,00
avg monthly rev	$28.000,00	$70.000,00	$175.000,00
headcount	3	5	7
avg hc cost	$4.000,00	$4.000,00	$4.000,00
total hc cost	$12.000,00	$20.000,00	$28.000,00
infra costs	$2.000,00	$4.000,00	$6.000,00
other costs	$2.000,00	$3.000,00	$4.000,00
total costs	$16.000,00	$27.000,00	$38.000,00
ebit	$12.000,00	$43.000,00	$137.000,00
margin	43%	61%	78%
annualized	$144.000,00	$516.000,00	$1.644.000,00

TREASURY AS A SERVICE (TAAS)

- Average web3 token project doesn't have a CFO/CIO
- Treasury isn't handled properly
- N3 offers customized strategies to monetize treasury according to client's needs, risk parameters and market conditions
- Strategies could be implemented on centralized exchanges, decentralized exchanges, DeFi protocols, staking, etc
- Noncustodial solutions – offered through API or a battle-tested on-chain vault



TAAS REVENUE PROJECTIONS

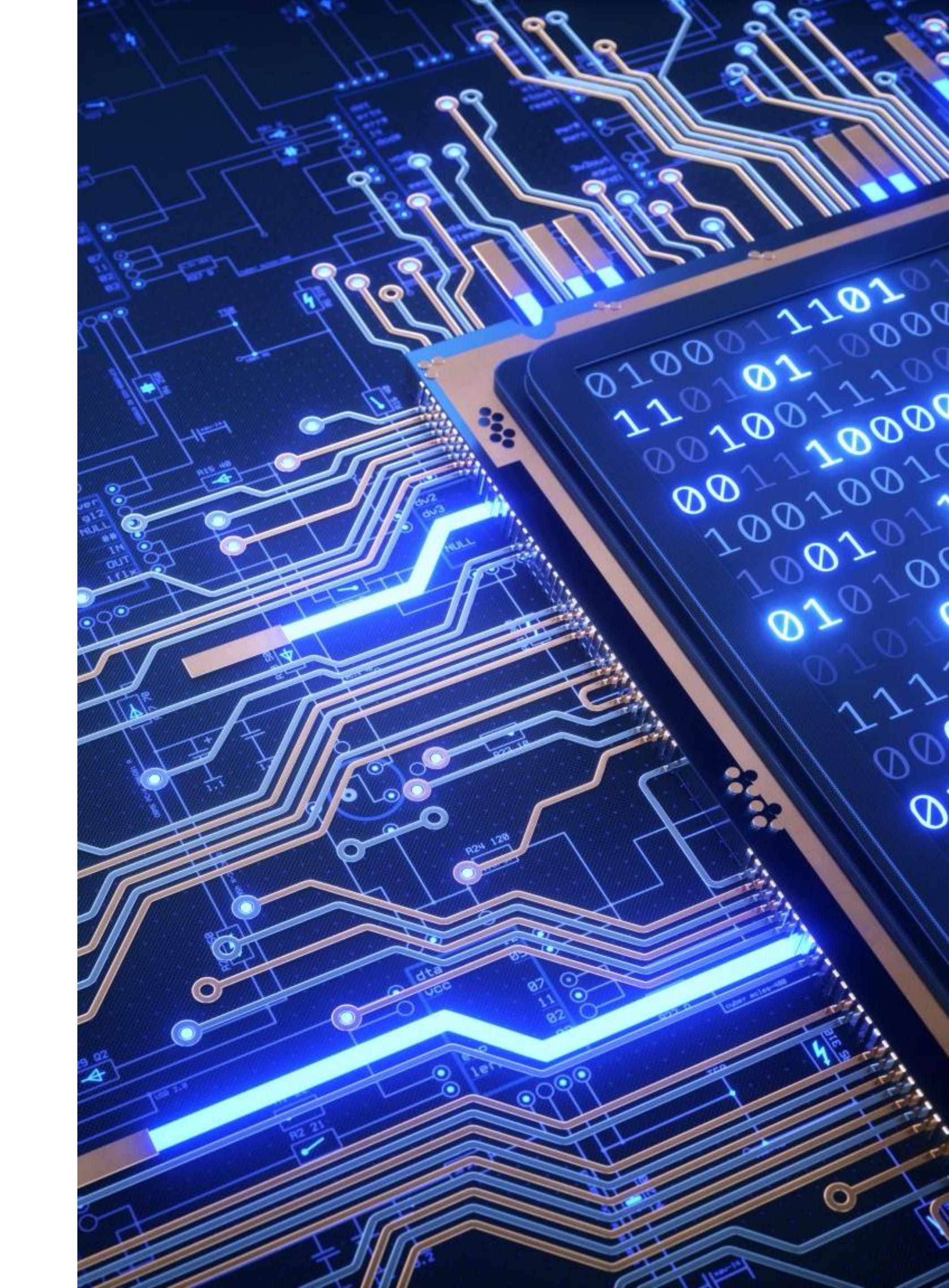
- Models could range from 0-3% mgmt fee and 0-30% perfomance fee
- Safe model: 2% mgmt fee 10% perfomance fee
- Risky model: 0.5% mgmt fee 20% perfomance fee

safe model	june/24	january/25	june/25
AUM	$2.000.000,00	$12.000.000,00	$30.000.000,00
APR	10%	10%	10%
Returns	$200.000,00	$1.200.000,00	$3.000.000,00
Mgmt Fee (2%)	$4.000,00	$24.000,00	$60.000,00
Perfomance (10%)	$20.000,00	$120.000,00	$300.000,00
Revenue annualized	$24.000,00	$144.000,00	$360.000,00

risky model	june/24	january/25	june/25
AUM	$2.000.000,00	$12.000.000,00	$30.000.000,00
APR	18%	18%	18%
Returns	$360.000,00	$2.160.000,00	$5.400.000,00
Mgmt Fee (0.5%)	$1.000,00	$6.000,00	$15.000,00
Perfomance (20%)	$72.000,00	$432.000,00	$1.080.000,00
Revenue annualized	$73.000,00	$438.000,00	$1.095.000,00

PROPRIETARY DESK

- Our first operation is arbitrage between exchanges
- Partnership model with a MIT deep tech startup
- Up to 7 legs arb opportunities
- Developed in Julia programming language
- FPGA in development
- Up to 40 exchanges



PROP DESK REVENUE PROJECTIONS

- Binance-Gate op cap is $2M atm
- Overall capacity increases as we add more exchanges
- Projection for $1M AUM on Binance – Gate (flat market/conservative)

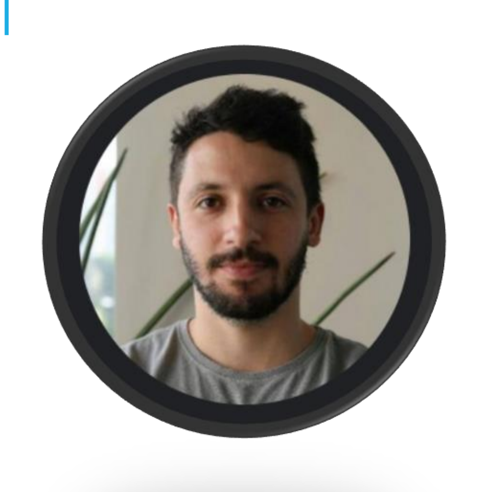
Digital Assets		
AUM ($)		1,000,000
Opportunities per day		786
Average trades per opportunity		3.0
Days per month		30
bps per trade		56.7
Average amount per trade ($)		261
Notional monthly volume		$ 18 M
Monthly return of strategy ($)	$	34,878
Monthly return of strategy (%)		3%
Yearly return of strategy		42%

PROP DESK SETUP

- Capital necessary to start $100k
- Expected cap for next 3-6months $500k-2M USD

- Structure options:
- BR PJ - SCP
- Offshore – Incubator fund/Ltd/SPC
- Any other preffered by investors

THE TEAM



Igor Mallagoli – CEO/Founder

- Economist – University of São Paulo
- 3rd time startup founder
- Tech-savvy trader and web3 expert



CTO/Co-Founder

- We're on final steps to partner up with a software engineer with considerable experience in high frequency trading

WHAT WE'RE LOOKING FOR

- Strategic partners – accelerators, incubators, mentors, industry leaders, angels, VCs
- People – quant/algo/hft traders/devs; sales/comercial people
- Equity offer – $75k soft cap, $150k hard cap
- Proprietary desk capital raise - $500k to $2M

Feel free to reach at igor@n3research.com / book a call Calendly - Igor Mallagoli

Or meet up for a coffee in São Paulo 